



2120 L Street, NW  
Suite 650  
Washington, D.C. 20037  
202-263-1650  
e-mail: gharris@neca.org

Gina Harrison  
Senior Counsel and Director  
Washington Office

RECEIVED

MAR 10 1999

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

March 10, 1999

Ms. Magalie Roman Salas, Secretary  
Federal Communications Commission  
The Portals  
445 Twelfth Street, S.W.  
Washington, D.C. 20554

Re: CC Docket No. 95-116, Number Portability

Dear Ms. Salas:

On Tuesday, March 9, the following parties met with Yog Varma, Deputy Chief, Common Carrier Bureau, and Kris Montieth, Deputy Chief, Competitive Pricing Division, to discuss the issues summarized in the attachment entitled "Local Number Cost Recovery": from United States Telephone Association, David B. Cohen, Vice President, Small Company Affairs, and John Hunter, Senior Counsel, Legal and Regulatory Affairs; from National Telephone Cooperative Association, Jill Canfield, Regulatory Counsel and Scott Reiter, Senior Industry Specialist; from the Organization for the Promotion and Advancement of Small Telecommunications Companies, Stuart Polikoff, from the National Rural Telecommunications Association, Margot Smiley Humphrey, Esq, of Koteen and Naftalin; and from NECA, Bill Campbell, Director, Access Tariffs, and me. In addition, a copy of the NARUC resolution on the same topic was distributed and is attached here.

In accordance with Commission Rules, I am submitting two copies of this notice and attachment. Kindly stamp the additional return copy provided. Please direct any questions regarding this filing to me.

Sincerely,

A handwritten signature in black ink, appearing to be "Gina Harrison", is written over a horizontal line.

Gina Harrison

Attachments  
Cc: K. Monteith  
Y. Varma

**Resolution Urging that the FCC Address Potential Gaps in its  
Local Number Portability Cost Recovery Rules**

**WHEREAS**, The Telecommunications Act of 1996 requires all local exchange carriers to provide telephone Local Number Portability (LNP) in accordance with FCC requirements; and

**WHEREAS**, The FCC has established a timeline and procedures for LNP implementation as well as a method of cost recovery through interstate means for incumbent local exchange carriers who establish the ability to port numbers; and

**WHEREAS**, Incumbent local carriers that are not yet required provide porting capabilities at this time, many of which are small, rural carriers, have begun to incur significant costs related to properly routing calls to ported numbers and funding regional LNP administrators which are not recoverable under current rules; and

**WHEREAS**, Numerous petitions for reconsideration have been pending since July 29, 1998, at the FCC on this issue requesting action be taken to address interstate recovery limitations; now therefore be it

**RESOLVED**, That the Board of Directors of the National Association of Regulatory Utility Commissioners (NARUC), convened at its 1999 Winter Meetings in Washington, D.C., urges the FCC's timely resolution of the pending petitions for reconsideration of its LNP cost recovery for all incumbent local exchange carriers regardless of whether or not the carrier is required to port telephone numbers; and be it further

**RESOLVED**, That the NARUC General Counsel be directed to undertake any appropriate actions to further the intent of this resolution.

Sponsored by the Committee on Telecommunications  
Adopted February 24, 1999

## LOCAL NUMBER PORTABILITY COST RECOVERY

### ISSUE:

- Telephone companies that have not received a bona fide request for LNP are incurring significant number portability costs.
  - ⇒ These costs are incurred because non-LNP capable carriers are the "N-1 carrier", and must pay query charges *for all calls terminating in neighboring LNP areas*. These carriers must also pay to support the regional database.
- These costs, although all interstate, cannot be recovered through the new interstate end user charge absent a bona fide request for LNP.
- The Commission *LNP Cost Recovery Order* which focused on LNP implementation in the 100 largest MSAs did not provide any other new interstate recovery mechanism for non-LNP carriers.

### DESIRED OUTCOME:

- Local exchange carriers without a bona fide request must be able to recover the significant interstate costs associated with local number portability.
- The Commission has decided that LEC end user customers in study areas where full local number portability is not available to customers should not be charged for local number portability.
- Therefore, the Bureau should immediately clarify that interstate costs incurred as a result of being billed by other carriers for querying number portability databases, and for supporting regional databases, should be recovered as ordinary interstate network costs until full number portability is offered.
- The "competitive neutrality" requirement of section 251(e)(2) of the Act does not forbid this result. Section 251(e)(2) states that costs must be recovered by all carriers on a competitively neutral basis *as determined by the Commission*. By definition, "competitive neutrality" is not a concern in areas that have no competition.
- In fact, the *LNP Cost Recovery Order* allows LNP-capable LECs to flow-through on-going expenses after the special five-year end user charge period expires. If Section 251(e)(2) permits LNP-capable LECs to recover on-going LNP costs through access charges, it must also permit non-LNP-capable LECs to do so as well.
- After clarifying the short-term treatment of LNP costs for non-LNP capable carriers, the Commission should therefore develop permanent cost recovery mechanisms appropriate for rate-of-return carriers.